

BARNES & THORNBURG

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Via Fax and FedEx

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The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

RE: AB-33 (Sub-No. 163X), Union Pacific Railroad Company--
Abandonment Exemption--in Lamar and Fannin Counties, TX

Dear Mr. Shumate:

This letter is written on behalf of the Fannin Rural Rail Transportation District ("FRRTD"), which is a political subdivision of the State of Texas charged with the responsibility for preserving rail transportation services. FRRTD hereby confirms its desire and intent to purchase the 33.5-mile portion of the Bonham Subdivision between milepost 94.0, near Paris, and milepost 127.5, east of Bonham, in Lamar and Fannin Counties, TX. FRRTD hereby offers \$496,314.

We have received and reviewed the materials that were received from Union Pacific Railroad Company ("UP"). Based on a walking inspection of the line, Bill Purcell, who is an independent consultant hired by FRRTD, has calculated the total NLV of the track and track materials to be \$416,709.37. The discrepancy between the UP's valuation and that of FRRTD is largely attributed to two factors. First, Mr. Purcell has concluded that of the 98,490 ties, only 14,770 are relay quality, 39,396 are #2 quality landscape, 9,849 are #3 quality landscape and 34,475 are scrap. He has placed a value of \$8 for relay, \$4 for #2 and \$2 for #3. The total value of the ties is \$295,442.00. The estimated cost of removal is \$196,000, for a Net Value of \$99,442 for the ties.

Second, based on his personal inspection of the line, Mr. Purcell has estimated that there are 6,049 N Tons of track and track materials. Based on current market prices, he has assigned a Net Value of \$317,267.37. That amount is based on removal costs of \$290,147.50, which is substantially lower than UP's estimated removal costs of \$668,484.

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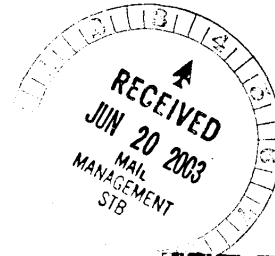
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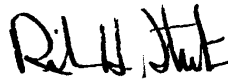
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Mack H. Shumate, Jr., Esq.
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While UP has valued the land at \$351,740, based on current land values in Fannin and Lamar Counties, Loyd Johnson, of Fanninland Company, has estimated that the fair market value of the 159.21 acres of non-reversionary land is \$79,605 (or \$500 per acre). Given the peculiar positioning of the line and the terrain, much of the land is incapable of being reclaimed for agricultural purposes.

As noted above, it is FRRTD's position that the NLV of the line is \$496,314. If you have any questions concerning this offer, please give me a call at 202-408-6933. Thank you for your consideration in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. H. Streeter", written in a cursive style.

Richard H. Streeter

RHS:rs

cc: Mr. Vernon A. Williams, Secretary
Surface Transportation Board
All parties of record

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